

1 shareholders of the Bank, that they could sell their shares for a premium to B. Douglas
2 Montgomery.

3 In the transcripts of the Board meeting of April 27, 2001 (attached as Exhibit W) the Board
4 first showed signs of interest in a proposed stock transaction in which the majority shareholders
5 would be bought out of the Bank at a premium of \$18 per share – *provided the Bank did not*
6 *become FDIC*. April 27, 2001 Meeting Transcript:

7 Tom [Aldan]: "...we need to address the FDIC project and I want to find
8 out from the Board whether in fact the Board is serious to consider selling
9 the Bank to any new perspective [sic] buyer, if there's any. Because what I
am getting information from perspective [sic] buyer is that they don't want
to see the bank become FDIC."

10 To this remark, Director David Lujan responded:

11 [David] Lujan: "Let me suggest that we table or defer the proposal from
12 Deloitte and Touche until the next board meeting and let's hear out how
13 serious this [sic] potential buyers are. Because you know the JHL Pacific
Trust point of view if an offer makes sense we will be willing to sell. And so
14 if these guys are, if one of their requirements is that it is not FDIC bank that
15 they want then why should we spend this \$92,000 I believe that Deloitte has
submitted. In the meantime, we would have no problem on our side for Tom
entertainment and holding confidential discussion with these potential
buyers to figure out their seriousness."

16 Id.

17 No Board member ever addressed, at least on the record, why a legitimate purchaser would
18 not want FDIC insurance for a small-town Bank. The Receiver's experts opined there would be no
19 legitimate business purpose.

20 Then after a discussion of share price for the transaction, in which the major shareholders
21 hope to maximize their profit per share, Director Lujan follows up with another suggestion:
22

23 [David] Lujan: "My suggestion, Tom, we need to draft a confidentiality
24 agreement that with whoever you speak to they got to sign it. The worst
25 thing we can do honestly is for people to know that we are considering this
because it may cause a run on the bank. So we got to be super sensitive
about this topic and whoever it is we speak to has got to sign a
confidentiality agreement and as would include all of us in that..."

26 Id at *6.

1 Based on available records it appears that at this point the interests of the directors and
2 majority shareholders, and the bank's depositors and minority shareholders diverged. The Board
began acting on its own agenda, and in secret – to avoid a run on the Bank. Plans which were
4 proposed earlier in that meeting to reduce the loan to deposit ratio (which was then at 72.72%) by
5 having the major shareholders agree to make substantial deposits in the Bank never reached
6 fruition. Any fair reading on Board meeting transcripts indicates primary attention turned to the
7 stock purchase.

8 A little over two weeks later the Board of Directors met again, on May 15, 2001. This time
9 Bank operations were not discussed at all. Instead in just over 4 pages of transcripts, 3 pages were
10 devoted entirely to the stock purchase, a transaction which would benefit the majority shareholders
11 but the Bank not at all, and the final page covers confidential Hillblom probate matters. The non-
12 confidential portion of these meeting transcripts should be read in their entirety. They are
13 instructive both in what was discussed and what was not discussed. The effect on the Bank and its
14 depositors was not considered, except to the extent that there was an undercurrent in the discussion
15 of a fear that “[t]he depositors who lose their money, they have a right to come after the directors
16 for making a decision to sell to a company that drove the bank into the ground or whatever,”
17 (George Chui, May 15, 2001 Board Meeting Transcripts at *1) and Bank counsel Michael
18 Pangelinan was asked to research the subject of “As a Board, does a member owes [sic] and
19 obligation to act in the best interest of the company?” May 15, 2001 Board Meeting Transcripts at
20 *3. In fact the entire meeting was focused on limiting the Board of Directors’ and majority
21 shareholders’ liability for selling to the wrong party at the wrong price. That is, according to
22 Director Lujan, “So we protect our assets [sic].”

23 On May 23, 2001, less than one week later, another meeting was held to discuss the “legal
24 aspects of the requirement of the Board in selling *its*, selling the Bank’s share.” May 23, 2001
25 Meeting Transcript at *1 (emphasis added). At that meeting not only was there some confusion as
26 to who actually owned the Bank (the Board or the Shareholders) but also as to the prevalence of
27 non-FDIC banks in general. Tom Schoen, the Bank’s Chief Operating Officer, notified the Board

1 that the Bank of Saipan was the *only non-FDIC bank* in attendance at the Independent Banker's
 2 Association Conference in Hawaii, a conference which at least one director thought was solely for
 non-FDIC banks. *Id.* Still, the Board decided to table any issue of the Bank's auditor and FDIC.
 4 May 23, 2001 Meeting Transcript at *2:

5 Tom [Aldan]: "So I would try and get more specific information in terms of
 6 resume and banking references and the guy, Douglas Montgomery, stated what
 7 company he works for or own shares of. Shall we leave the subject of the bank.
 With regards to, until we satisfy this issue of the bank shares, I still want to defer the
 issue of the Bank's auditor and FDIC. Is that the understanding of everybody?"

8 Board members: "Yes, to be deferred."

9 Tom: "Yes, because we [sic] are interested in purchasing a non-FDIC bank."

10 [David] Lujan: "Not only that, but why spend the money, you know?"
 11

12 Dividend and Stock Purchase-Impact on the Bank
 13

14 An objective review of the Bank's financial condition... both current and historical can not
 15 be complete without reviewing significant past practices of the Bank's Board of Directors which
 contributed to the failure of the Bank.

17 The Receiver would like to draw the Court's attention to the fact that the Board has, through
 18 counsel, and through the press, complained that it is totally faultless with regard to the
 19 misappropriation of at least \$5 million by Dusean Berkich, Bert Douglas Montgomery, Michael T.
 20 Wilson and Tomas "Tommy" Aldan (a/k/a the "BMW Gang"). It has also claimed that the
 21 BMW Gang is the only source of the Bank's current strife.

22 The facts do not support these contentions.

23 Bank records show that once presented with the offer to sell to Montgomery, the majority
 24 shareholders put on blinders and refused to see who and what Montgomery was, even though there
 25 are multiple expressions in the various board meetings that the Board was uncomfortable with
 26 Montgomery as a purchaser and feared liability for selling out to a man who may lead to the
 27 destruction of the Bank. As Mr. Lujan put it, "... Run on the bank."

1 It is clear that in the context of the sale of the majority's shares to Montgomery, the Board
2 was serving the majority shareholders' interests, not the Bank. The Board, as well as Tommy
3 Aldan, facilitated negotiations with the new buyer, solely to the benefit of the majority shareholders,
4 the Tans, the Calvo Group and the JLH Trust. Corporate money was expended in the legal
5 representation of these major shareholders in the negotiation and drafting of a purchase agreement
6 and in traveling to Las Vegas in order to meet the buyers. The Board decided, solely to the benefit
7 of the majority shareholders, that the Bank would no longer pursue FDIC compliance, and
8 abandoned all efforts to do so without any consideration of the benefits FDIC would inure to the
9 depositors and non-selling minority shareholders. Finally the Board declared a \$1 million dividend
10 prior to the sale of stock by the majority shareholders, solely for the purpose of bleeding out the
11 proceeds of various Hillblom probate settlements from the Bank and into the pockets primarily of
12 the majority shareholders immediately prior to the sale of their stock.

13 All these actions, not just the actions of the BMW indicatees, contributed to the Bank's
14 decline. The Bank was denied the advantages of FDIC approval by the Board and majority
15 shareholders. The Bank's liquidity was impaired by the stripping of capital from the Bank in the
16 form of a dividend equal to one fifth the value of the money embezzled by the Bank's new owner.
17 The Bank picked up all the expenses of the majority shareholder's transaction with Montgomery,
18 even though such a transaction could not have benefited the corporation. Finally, the Board and
19 majority shareholders, together, and solely for the interest of the majority shareholders, agreed to
20 sell the Bank to a person whom they had every reason to distrust – and they did so without the
21 slightest investigation, exhibiting more interest in protecting themselves from liability through form
22 (such as gaining the Banking Commissioner's approval of the sale) rather than through substance
23 (neither the Board nor Mr. Montgomery conducted any reasonable due diligence prior to the sale).

24 Bank records also show that since 1999, the Bank's liquidity and balance sheet have been in
25 a downward spiral. Yet despite this, the Board made an extraordinary effort to declare the biggest
26 dividend possible (over 100% of "other income" derived from the settlement of various Hillblom
27 Estate law suits) without even considering the Bank's depositors, the Bank's liquidity, or the

1 requirements necessary for Bank's plans to become FDIC insured. This dividend impaired the
2 Bank's liquidity and benefited the majority shareholders, who thereby obtained a large cash pay-out
3 before the sale of their stock to the BMW indictees.

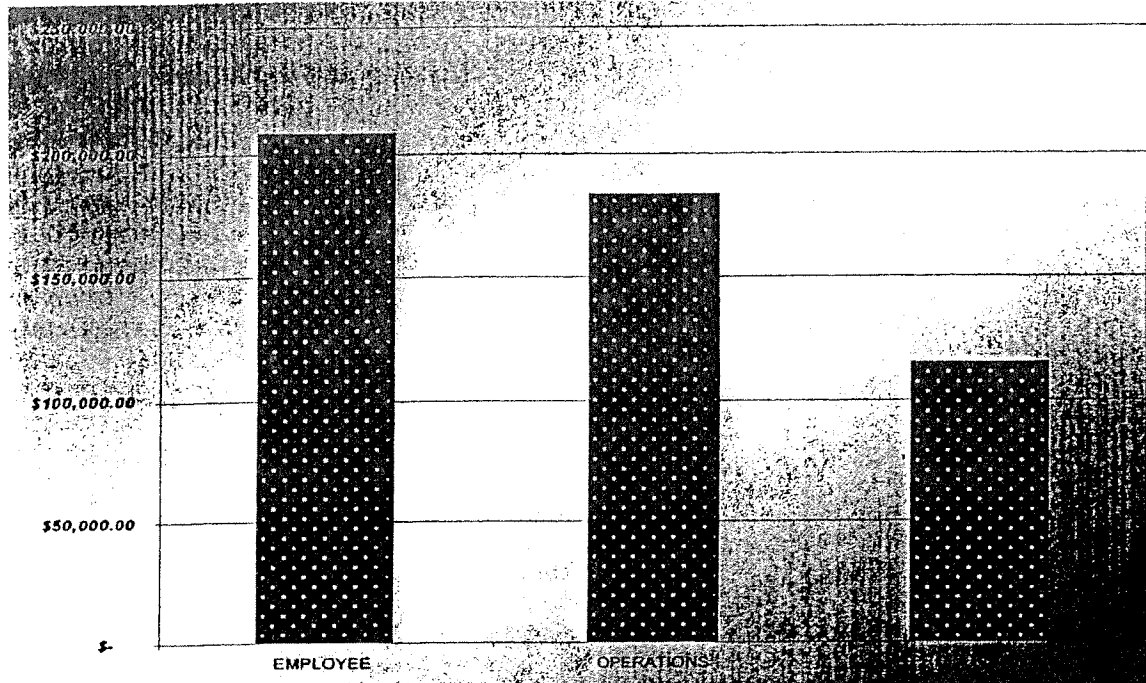
4 Records also show that independent experts, and the Bank's Board of Directors itself,
5 recognized that the most prudent and responsible course of action, both for the shareholders and the
6 depositors, would be for the Bank to come into FDIC compliance. This would have the effect of
7 insuring all deposits at the Bank and protecting the Bank's depositors from the Bank's insolvency.
8 It would also have the added advantage of cleaning up Bank policies with regard to its loan portfolio
9 and documentation, thus making the Bank and its loans more valuable, thus increasing value to the
10 Shareholders. Yet when the majority shareholders were faced with an offer by a buyer desiring a
11 non-FDIC bank, the Board of Directors, under the influence of the Bank's majority shareholders,
12 stopped all efforts to become FDIC compliant, finding it to be, in the words of Mr. Lujan, "a waste
13 of money."

14 RECEIVERSHIP FINANCIAL STATUS

15
16
17 As per the Court's Order, the Receiver is reporting the following income and expenses of
18 the Receivership. First, the Receiver has recovered \$210,000 in funds paid out to the Calvo Group
19 during the stock transactions, which occurred in December of 2001.

20 Expenses of the Receivership fall into three basic categories: Payroll Expenses, Operational
21 Expenses, and Professional Fees and Expenses. These expenses, totaling \$ 584,427.61 for the
22 period reported, are shown in the following Figure 9
23
24
25
26
27

Figure 9: Receivership Expenses



As can be seen from Figure 10, the largest expenses are related to employee payroll and benefits. This includes salaries and wages, retirement benefits and insurance.

Figure 10: Employee Expenses

Employee Benefits	\$ 11,734.52
Medical and Dental Insurance	\$ 30,640.61
Salaries and Wages	\$ 165,112.80

Employee expenses are expected to slowly decline as hours are reduced due to lack of activity and as employees successfully find other employment.

After Employee Expenses, the next largest category of expenses is Operational Expenses. The largest of these are Space Rental (\$47,029), Power, Light and Water (\$19,211) and Communication Expenses (\$15,888). These expenses are unlikely to change in the future unless the Bank closes down the Tinian and Saipan Branches or undergoes a controlled liquidation.

Figure 2: Operational Expenses

Check, Credit Card Supplies/Expenses	\$ 6,471.14
Communication Expenses	\$ 15,887.83
ATM/ Credit Check Expenses	\$ 4,106.04
Courier Expenses	\$ 2,156.78
Equipment Lease	\$ 4,734.00
Gasoline Expense	\$ 284.25
Miscellaneous Expenses	\$ 1,106.89
Monitoring Systems	\$ 3,195.00
Office Supplies	\$ 7,526.96
Power, Light and Water	\$ 19,210.64
Publication and Advertisement	\$ 2,072.70
Repairs and Maintenance	\$ 1,455.93
Repossession Expenses	\$ 750.00
Space Rental	\$ 47,028.93
Taxes and Licenses	\$ 249.29
Transaction/Wire Expenses	\$ 1,586.60
Travel Expenses: Branch Operations	\$ 3,300.45

Professional Fees and Expenses consist of collection expenses in the amount of \$978.55, while \$10,000 was paid as retainer to the law firm of Loeffler, Jonas and Tuguey for their work in recovering assets, defending suits and prosecuting counterclaims in the courts of Texas. \$20,000 was paid to Burger and Comer, P.C. to allow them to finalize their audit of the Bank's fiscal year ending December, 2001. Finally fees totaling \$83,956.85 were paid to two independent, outside banking consultants, who were hired in order to evaluate the Bank's fiscal status and to provide possible options for the Bank's future. Their bills are attached as Exhibits X and Y. These two firms recently gave a public presentation of their findings.

Figure 3: Professional Fees & Expenses

Smith & Williams (Collections)	\$ 978.55
Loeffler Jonas & Tuggey (Legal)	\$ 10,000.00
Burger & Comer (Auditor)	\$ 20,000.00
Griffin & Co. (Consultant)	\$ 41,000.00
Columbia Financial (Consultant)	\$ 42,956.85

Customer Account Summary

As anticipated, the number of accounts as well as deposit balances declined after the Bank's limited re-opening on May 21. The purpose of the re-opening plan was to ensure that much needed cash was available to depositors who had had no access to their funds since the Bank's closure on April 30. A comparison of the Bank's deposit base as of the First Receiver's Report and as of June 21, one month after re-opening, appears in Figure 14, below.

Figure 14: Customer Account Activity

	<u>DDA</u>		<u>Savings</u>		<u>TCD</u>	
	[\$]	[#]	[\$]	[#]	[\$]	[#]
April	\$ 5,807,845	[1,655]	\$ 9,543,638	[5,498]	\$ 25,593,917	[454]
June	\$ 4,497,230	[1,265]	\$ 7,784,149	[3,465]	\$ 25,298,769	[445]
Net Decline	\$ 1,310,615	[390]	\$ 1,759,489	[2,033]	\$ 295,148	[9]
	22.57%	23.56%	18.44%	36.98%	1.15%	1.98%

Total Account Activity

	[\$]	[#]
April	\$ 40,955,400	[7,607]
June	\$ 37,580,148	[5,175]
Net Decline	\$ 3,365,252	[2,432]
	8.15%	31.97%

These figures show that while there has been a significant (over 30%) drop in the number of accounts at the Bank, the total dollar amount on deposit has decreased less than 9%. This is due to the large number of small (under \$500) accounts which were previously with the Bank and which

were closed after the Bank's re-opening. The closing out of these accounts has had the advantage of decreasing operational costs while having a limited impact upon the Bank's overall deposit base or liquidity.

As of June 30, seven days after the figures reported above, the total amount available for withdrawal from the Bank of Saipan was approximately \$750,000. This is money which has been left on deposit at the Bank even though these customers, representing a total of 3,286 accounts at the Bank, are entitled to take this money out under the re-opening plan.

Figure 15: Available Funds

	<u>Total Available for Withdrawal</u>	
	[\$	[#]
DDA	\$ 304,870.83	[929]
Savings	\$ 448,637.20	[2,357]
Total Available	\$ 753,508.03	[3286]

% of Available Funds Still on Deposit 22.39%


In other words as of June 30 roughly 22% of the funds which have been made available to the public under the re-opening plan have been left on deposit at the Bank. This amount is, however, anticipated to diminish over time as depositors gradually access their available funds.

Bank Administration/Operational Expenses

Bank expenditures covering May 16, 2002 to August 9, 2002 is attached as Exhibit Z.

The Bank's operations are covered in four reports from Operations Office Tom Schoen. These reports are attached as Exhibits AA. Data sources for graphs contained in the report are attached as Exhibit BB.

Dated August 20, 2002.


 RANDALL T. FENNELL
 RECEIVER FOR THE BANK OF SAIPAN

LIST OF EXHIBITS

Exhibit A	Receivership Determination from Secretary of Commerce
Exhibit B	Mr. Joshua Berger's proposal
Exhibit C	Receiver's letter soliciting collection proposals
Exhibit D	Responses to solicitation re collection
Exhibit E	Atty. Michael White's contract
Exhibit F	Laurie Peterka's summary of insurers
Exhibit G	Various Notice of intent to sell shares
Exhibit H	Engagement Letter re BYT Consulting
Exhibit I	NMIRF Security Agreement re deposit
Exhibit J	CDA Security Agreement re deposit
Exhibit K	Tan Holdings' letter re returning contract workers
Exhibit L	Receiver's response to Tan Holdings' letter
Exhibit M	Receiver's letter to the Governor dated 8/2/02
Exhibit N	Governor's letter dated 8/13/02
Exhibit O	MPLA response dated 8/5/02
Exhibit P	Statement of Condition
Exhibit Q	Statement of Income
Exhibit R	Ferguson proposal of 1999
Exhibit S	Deloitte & Touche proposal of 2000
Exhibit T	Burge and Comer report of 2001, 2002
Exhibit U	Mair Mair opinion of 2002
Exhibit V	Deloitte & Touche engagement letter and correspondence re data processing audit
Exhibit W	Transcript of Board Meeting dated 4/27/01
Exhibit X	Griffin+Co Invoice
Exhibit Y	CFA invoice
Exhibit Z	Bank expenditures
Exhibit AA	Operations report dated 7/12/02, 8/14/02, 8/15/02 & 8/19/02
Exhibit BB	Data sources for graphs

B.Y.T. Consulting Services

P.O. Box 85
Saipan, MP. 96950
Tel: (670) 235-9873/72
Fax: (670) 235-9874

August 1, 2002

Randall T. Fennell, Esq.
Receiver
Bank of Saipan
P. O. Box 500049
Saipan, MP 96950

Re: Engagement Letter
Contract to Provide Public Relations and Media Coverage

Dear Mr. Fennell:

Judging by newspaper reports and the flurry of suits and counter-suits filed almost weekly, it would be exceedingly difficult for the consumer to separate fact from fiction in this technical and highly complex matter. Based on our brief discussions you are interested in making sure that all interested parties are correctly informed as to the facts surrounding this matter.

Costs are dictated by the level of effort required to move complicated facts into the mainstream in a very short period of time.

The scope of work includes document review, preparation of fact sheets and summaries, that can be more easily digested by the media and other interested parties. Press releases and other conventional means of reaching the public will also be utilized.

The Receiver's input will be required to keep abreast of proposed government actions, court schedules, and to obtain documents and other material for review and appropriate action.

Please sign this engagement letter to allow us to begin this work in earnest.

Sincerely,

Brenda Y. Tenorio

Enclosure:

EXHIBIT

#

10-670 323 7436

PAGE 27

Receiver
Bank of Saipan
Engagement Letter
August 1, 2002

Contract Approved by:

Randall T. Fennell
Receiver

Date:

2002
8/1/02
2002

JUL 11 2002
300

About BYT Consulting Services

BYT Consulting Services has provided strategic planning, lobbying, permitting services to public and private clients since 1988 and is uniquely suited to perform the services required by the Chief Negotiator.

Principal Brenda Y. Tenorio has experience in government policy development in the Commonwealth of the Northern Mariana Islands, having served in a key position in the Office of the Lt. Governor for a period of six years in the early 1980's. During this period, Ms. Tenorio worked on 902 Covenant Consultations and 702 Covenant Financial Negotiations. This series of Covenant 902 Consultations covered issues of fundamental importance to the local government, from fisheries management and ownership of submerged lands, to tax exempt bonds and Headnote 3 (A) [duty free imports from the CNMI to the U.S. mainland] to labor and immigration matters. 702 Covenant Financial Negotiations resulted in a \$228 million agreement.

In the 1990's, Ms. Tenorio provided consulting services focused on developing an appropriate government response to the federal takeover of CNMI labor and immigration controls. Ms. Tenorio developed the existing overall strategy to stave off a federal takeover that is still being used by the Office of the Governor. The second phase of this work required full implementation of the plan, including recruitment of lobbyists and other support organizations, policy development, design and implementation of a media/public information campaign in response to attacks in the Commonwealth and abroad.

Ms. Tenorio was also appointed the Governor's Special Representative to Section 902 Consultations with the United States President's Representative in 1994. This appointment was conferred for a limited duration and the exclusive purpose of addressing the citizenship of foreign nations born in the CNMI and a review of role of the Washington-Resident Representative in Washington. Ownership of submerged lands was later added to the portfolio resulting in a recommendation to file a suit against the United States.

Ms. Tenorio provides strategic planning and permitting services to private clients, ranging from resort developments to submerged land leases, gaming licenses and procurement matters.

BYT Consulting Services can also provide support services for large projects. BYT Consulting Services works with Associates who provide ancillary or support services as necessary. Our team has experience providing administrative support for special projects and events. Research is an important component of the work that we do. At present, we have the capability to execute effective media strategy, using all available tools from press releases to radio and television commercials to documentaries.

Fee Schedule**Hourly Rate Schedule**

Principal	\$120.00
Associates	\$ 90.00
Technical/Administrative Staff	\$ 65.00
Support Staff	\$ 30.00

Estimation of Costs

Cost is based on the time commitment required to undertake the project as described in the scope of work.

Out-of-pocket expenses including telephone, fax, courier services, air travel, lodging and other costs specifically required for this project are billed separately and marked up 15%. Copying is charged at .35 per page. If special presentations, events or printed materials are required, actual costs for collateral materials will be billed. This cost may vary depending on size, special colors or paper stock, photographs, and graphics and the number of revisions may differ depending on need.

Contract Term

The work commences upon execution of the engagement letter and continues for the duration of Receiver's duties.

Billing and Payment

Billing statements are presented for payment monthly and a 12% is assessed for invoices 60 days past due. Past due dates are fixed to the date of the statement.

A retainer is required to commence work on this project. The retainer and monthly payments are made out to:

BYT Consulting Services
P. O. Box 500085
Saipan, MP 96950

Exhibit 8

1 RICHARD W. PIERCE
2 WHITE, PIERCE, MAILMAN & NUTTING
3 P.O. Box 5222
4 Saipan, MP 96950
5 Telephone: (670) 234-6547
6 Facsimile: (670) 234-9537

7 Attorneys for Randall T. Fennell in his capacity as Receiver for Bank of Saipan, Randall T. Fennell

8 IN THE SUPERIOR COURT
9 FOR THE
10 COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

11 CIVIL ACTION NO.
12 02-0268B

13 In Re: THE MATTER OF
14 THE BANK OF SAIPAN
15
16
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18
19

RANDALL T. FENNELLS FINAL
BILLINGS AND REQUEST FOR
CLARIFICATION ON ORDER OF
EXONERATION

20
21 Now comes Randall T. Fennell, in his capacity as former Receiver for the Bank of
22 Saipan, and files the financial statement for the Bank for the 15 months ending December
23 31, 2002, prepared by Burger & Comer P.C., and its final bill (Tab 1), the final billings
24 during Mr. Fennell's tenure for Loeffler Jonas & Tuggey LLP of San Antonio, Texas (Tab
25 2), Schwabe Williamson & Wyatt PC (Tab 3), White Pierce Mailman & Nutting and the
26 collection cases of Michael T. White of White Pierce Mailman & Nutting (Tab 4), the Law
27 Office of Brian McMahon (Tab 5), the Law Office of Richard Pipes (Tab 6), and Mr.
28

1 Fennell's statement and request for payments of expenses and request for fees (Tab 7).

2 This filing is made in accordance with the Court's order of September 27, 2002. The
3 attorney billings are redacted to eliminate attorney-client communications and work product
4 of a confidential nature. Unredacted billings are filed with the Court under seal and *in*
5 camera and are not served upon those on the service list.
6
7
8

9
10 **Request for Clarification on Court's Order of Exoneration**

11 The Court September 27, 2002, order of exoneration for Mr. Fennell states at page 2,
12 lines 16 to 17: "It is further ordered that the Bank and the Receiver shall indemnify Mr.
13 Fennell for any and all claims arising from Mr. Fennell's actions as Receiver."
14

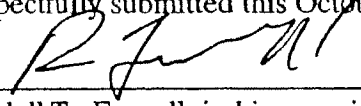
15 Normally, a direction to indemnify includes the duty to defend, which appears to be
16 the intent of the Court's order. *See Hennessy v. Robinson*, 985 F. Supp. 283, 287 (N.D.
17 N.Y. 1997) ("this Resolution provides for indemnification which, of course, includes the
18 duty to defend because duty to indemnify includes the duty to defend as well") (citations
19 omitted). However, in the context of insurance policies, courts sometimes have to deal with
20 arguments that indemnification does not include defense costs. *See, e.g., Mt. Hawley Ins.*
21 *Co. v. Federal Sav. & Loan Ins. Corp.*, 695 F. Supp. 469, 474-75 (C.D. Ca. 1987).
22 Therefore, to eliminate any ambiguity and to avoid needless litigation in the future, it is
23 respectfully requested that the Court's exoneration order of September 27, 2002, be
24 amended to read as follows:
25
26
27
28

"It is further ordered that the Bank and the Receiver shall defend and indemnify Mr.

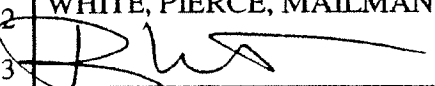
1 Fennell for any and all claims arising from Mr. Fennell's actions as Receiver."

2
3 The Receiver respectfully suggests that the Court intended for the defense to be
4 provided, and this change in the order will make that intent clear.
5

6
7 Respectfully submitted this October 4, 2002.

8 
9 Randall T. Fennell, in his capacity as former Receiver
10

11
12 WHITE, PIERCE, MAILMAN & NUTTING

13 
14 Richard W. Pierce

15 Attorney for Randall T. Fennell in his capacity as former Receiver for the Bank of Saipan
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Tab 7

1
2 RICHARD W. PIERCE
3 WHITE, PIERCE, MAILMAN & NUTTING
4 P.O. Box 5222
5 Saipan, MP 96950
6 Telephone: (670) 234-6547
7 Facsimile: (670) 234-9537
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9 Attorneys for Randall T. Fennell
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IN THE SUPERIOR COURT
FOR THE
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

CIVIL ACTION NO.
02-0268B

In Re: THE MATTER OF
THE BANK OF SAIPAN

DECLARATION OF
RANDALL T. FENNELL

I, Randall T. Fennell, declare as follows:

1. I make this declaration of my own personal knowledge. If called on to testify, I would testify in accord with this declaration.
2. I was appointed to act as Receiver for the Bank of Saipan by Judge Manibusan on April 30, 2002. I was discharged by the Court by order of September 27, 2002.
3. This declaration is made in support of the request for payment of attorney fees, my expenses and the fees for my work.

Tab 7

- 1
2
3 4. I have previously reviewed all attorney fees billings through the end of August
4 2002. The billings reflect work done for me as Receiver. Having been an
5 attorney, I have knowledge of the market price of attorneys of the caliber that
6 I hired, and I believe that the hourly fees are fair and reasonable. In so far as
7 the hourly fees for the law firm of Loeffler Jones & Tuggey, I am relying upon
8 its own statements of the their hourly rate, the fact that the Bank hired that firm
9 in March at the same rate, the quality of its work performed for the Bank, and
10 my general knowledge of fees for stateside city firms.
11
12
13
14
- 15 5. I have also reviewed the post-September 1, 2002, billings. The fees after
16 September 1, 2002, are less than prior to that date, primarily because litigation
17 in the Supreme Court lessened and most of the motion work for the Superior
18 Court had to be complete by the end of August. All fees requested to be paid
19 are at Tabs 2 through 6 of the final report.
20
21
- 22 6. I know that the Schwabe firm, WPMN, and Brian McMahon's office spent
23 more time working for me on receivership matters than they billed.
24
- 25 7. Richard Pipes obtained for me documents for the disqualification proceedings
26 in the Supreme Court.
27
- 28 8. This attorney work required substantial commitment of time by attorneys
drafted for this particularly job. The legal issues have been a challenge with

Tab 7

1
2
3 some novel questions for this jurisdiction. The work required the synthesis of
4 law and facts in a short period of time and a heavy time commitment
5 particularly by WPMN and Brian McMahon's office. The fees were fixed at a
6 reasonable rate, and the attorneys expect to be paid for their work. While the
7 total amount of fees seems high, the fees are low considering the complexity of
8 the matter, the amount of work and output and the litigious behavior of others
9 who have greater resources and no scrutiny from third parties. From the
10 receiver's view point, this has not been a desirable case for attorneys. While
11 the Supreme Court has yet to rule on the mandamus proceeding, I believe that
12 the attorneys for the receiver have generally obtained favorable results for the
13 receivership. I urge the Court to approve their billings and order that they be
14 paid.
15

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19
20
21 9. I personally seek fees of \$100.00 per hour or \$16,000 per month for four
22 months. While I am not a practicing attorney, I have legal training and
23 experience, experience in business, and experience in one bank receivership
24 cases. Additionally, the receivership subjected me to personal attacks and kept
25 me from my normal activities beyond the one month to which I had originally
26 agreed. These factors warrant the payment of the \$100.00 per hour.
27
28

10. I did not keep contemporaneous time records. For that reason, I am only

Tab 7

requesting for 160 hours per month or \$16,000.00 per month. I generally worked more than eight hour days on this project, including Saturdays and sometimes Sunday work with the attorneys or experts. In June, I took a short trip to Korea and in September, I had two short trips, for a total of six business days away from Saipan since my beginning the job as receiver.

11. I am not seeking reimbursement for my staff time or office expenses or telephones charges. However, I am seeking payment of the fees of BYT Consulting Services. Ms. Brenda Tenorio's total fees are \$9,974.00 as itemized in the attached letters to me dated August 7 and September 27, 2002.
12. In May 2002, by certain parties' assistance to employees of the Bank of Saipan who would stop the Bank from re-opening and the well publicized nature of the alleged grievances, I and my attorneys had to spend time putting out the public fires that had been started. Later, in early June, public stories emerged from David Lujan's purported statements about how so many lawsuits would flow and government officials sued if the receiver were not stopped. I knew that if I did not have assistance in dealing with the media and educating the public and the depositors, either I and my attorneys would have to spend an inordinate amount of time doing so or the disinformation could infect the conduct of the receivership. Rightfully or wrongfully, in a highly public case

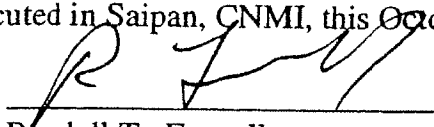
Tab 7

1
2
3 like the closure of the Bank of Saipan and millions of dollars unpaid to
4 depositors and unpaid to the Bank by borrowers, public perception of the
5 stability of the receivership is important. So, I hired Brenda Tenorio to keep
6 abreast of the receivership proceeding and to educate the media and other
7 interested persons about the status of the receivership and progress on being
8 able to pay depositors.
9

10
11
12 13. Burger & Comer's financial report for the 15 months ending December 31,
13 2001, along with its final bill, is at Tab 1. It remains to be paid \$5,800.00 of
14 the agreed costs for its work. That amount should be paid to Burger & Comer
15 as it has completed its assignment which was begun prior to the receivership at
16 an agreed cost with the Bank.
17
18

19 I declare under penalty of perjury under the laws of the Commonwealth of the
20 Northern Mariana Islands that the foregoing is true and correct.
21

22 Executed in Saipan, CNMI, this October 3, 2002.
23

24 
25 Randall T. Fennell
26
27
28

B.Y.T. Consulting Services

P.O. Box 85
Saipan, MP. 96950
Tel: (670) 235-9873/72
Fax: (670) 235-9874

September 27, 2002

Mr. Randall T. Fennell
Receiver
P. O. Box 500049
Saipan, MP 96950

**Re: Statement for Consulting Services
July, August and September 2002**

Dear Randy:

Please find enclosed my statement for consulting services provided in July, August and September 2002.

July 2002	\$2,840.35
August 20002	\$2,551.65
September 2002	\$4,482.00

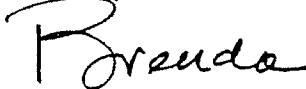
A good portion of time was spent explaining the significance of court and government actions to media outlets and encouraging more detailed review of documents. During this period, I met with and provided explanations and documents to media, executive and legislative officials.

Please make the check payable in the amount of \$9,974.00, to BYT Consulting Services.

Lastly, please also find enclosed a copy of a timeline that we developed last week in the course of our expectation that media exchanges would escalate between the parties. It will be good background material for the new Receiver.

Let me know if you have any questions regarding these statements.

Sincerely,



Brenda Y. Tenorio
Enclosure:

**A Statement for Providing Media Services to BoS Receiver
From September 1 to September 30, 2002**

September 2 BYT, Telecom to the Receiver regarding recent media coverage of fees and Receiver's arrangements for collection and other responsibilities. Also discussed what approaches could be taken to clarify the subject for depositors and the general public. 0.50hrs.

September 3 BYT, Telecom from Receiver, response to Tribune article dated September 2, 2002. Telecom to Pierce for summary of views and request for additional information. Research files for reference materials and media file to draft response. Initiate timeline of press coverage and court filings based on media database and attorney records of pleadings. Press release with Tribune clip distributed to media outlets. Telecom to McMahon, copies of Montgomery Affidavit and BoS payments to majority shareholders 5.0hrs.

STA, Fax to Receiver, MCV Transcription for August 29 and August 30. 0.25hrs.

September 4 BYT, Research media files to respond to BC-MCV interview of 8/30/02. Telecom to Receiver and Pierce, regarding records of pleadings filed to date. Develop timeline of press coverage and court filings based on media database and attorney records. Reviewed Affidavit of Thomas A Tarter In support of Bank of Saipan's Opposition to Exoneration; The Bank of Saipan, Inc.'s Reply Memorandum in Support of Motion to Stay; Declaration of Randall T. Fennell; Joinder Re: Objection to the and Motion to Appoint Special Master. Drafted press release and handled distribution to media outlets. 7.0hrs.

September 5 BYT Reviewed Receiver's Objection to Lodgment By Calvo's and So-Called Motion to Appoint Special Master; The Bank of Saipan, Inc.'s Reply Memorandum In Support of Motion to Stay; Order Denying Motion to Stay; Appointment with KCNM; Fax to Coffman, release and Receiver Declaration. Additional work on timeline. 3.50hrs.

September 6 BYT, Telecom media sources re, court date. Attend Hearing; Reviewed Order Granting Motions to Intervene; Order Denying Motion for Review By Full Panel; Order to list all Ex Parte Motions.

ASSC, MCV Transcript, Supreme Court hearing; MCV Transcription, Superior Court hearing; KCNM Transcription of Receiver Interview. 2.0hrs.

September 9 BYT, Court hearings. Monitor media coverage. 3.50hrs.

ASSC, KCNM Transcription 9/9 Interview with O'Connor. MCV Transcription 9/9 of Superior court hearing to appoint a new receiver. 1.75hrs.

STA, Fax to Fennell, 9/6 MCV Transcriptions and 9/6 KCNM Transcription of Receiver Interview. 0.25hrs.

September 10 BYT, Reviewed Order Denying Motion for Substitution of Receiver.

ASSC, 9/10 MCV Transcription of court arguments for appointment of new receiver. KCNM Transcription, 9/10, O'Connor Interview, Pt. 2. 2.00hrs.

STA, Fax to Receiver, 9/9 MCV Transcription of court hearing. 0.25hrs.

September 11 STA, Fax to Receiver, 9/10 MCV Transcription of court arguments for appointment of new receiver. 0.25hrs.

September 12 ASSC, MCV Transcription 9/12/02, Suit filed by Sovereign Equity versus Calvos, JLH and Montgomery. KCNM Transcription 9/12, Interview with Bellas, UFX suit against Calvos, JLH. 1.75hrs.

STA, Fax to Receiver, KCNM Transcription, 9/10, O'Connor Interview, Pt. 2. Fax to Receiver, MCV, 9/12 Transcription of Suit filed by Sovereign Equity versus Calvos, JLH and Montgomery. 0.50hrs.

September 13 BYT, Reviewed Ex Parte Receiver's Request for Approval of the Sale of Assets.

ASSC, MCV Transcription, 9/13, Interview with T. Bellas, regarding UFX suit against Calvos, JLH, Montgomery. 0.75hrs.

September 16 BYT, attendance at Superior Court hearing. 3.0hrs.

STA, Fax to Receiver, KCNM 9/12 Transcript of Bellas UFX interview and MCV 9/13 Bellas UFX Interview. 0.50hrs.

September 19 BYT, Attended court hearing. 1.50hrs.

September 20 BYT, Reviewed Superior Court Order denying appointment of a special master; Summary of Orders to be Considered by the Court. Telecom to MCV and KCNM regarding interviews. 1.50hrs.

September 23 ASSC, KCNM Transcription, 9/23 Interview with R. Pierce. 1.75hrs.

September 24 BYT, Superior Court hearing. Telecom to media. 1.75hrs.

STA, Fax to Receiver, KCNM Transcription, 9/23/02 Interview with Pierce.
Copies of KCNM 9/23 Interview with Pierce distributed to all media outlets. Reproduced
and faxed copies of Summary of Orders to be Considered by the Court. 2.0hrs.

September 25 BYT, Reviewed Receiver's Request for Approval of CDA MOU. 1.0hrs.

September 26 BYT, Provide Receiver with a copy of media and court timeline.

Consulting Fees and Reimbursable Costs

Principal	27.75	hours @\$120	\$ 3,330.00
Associates	10.00	hours @ \$90	\$ 900.00
Staff	4.00	hours @ \$30	\$ 120.00

Total Consulting Fees	\$ 4,350.00
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Total Reimbursable Cost (See attached log)	\$ 132.00
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Fax : 234-9872	\$ 2.50
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Total Fees Due for September 2002	\$ 4,482.00
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Balance Due for August 2002	\$ 2,551.65
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Total Fee Due:	\$ 7,033.65
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BYT CONSULTING SERVICES				INCOMING/OUTGOING DOCUMENT LOG			
9/2/2002	McMahon	Pickup					
9/3/2002	Receiver	OF-323-7435	4	Clean copy check			
9/3/2002	Media	OHD	6	MCV transcript 9/3/02			
9/3/2002	Media	OHD	2	Press release			
9/3/2002	Media	OHD	2	Press release			
9/3/2002	Media	OHD	2	Press release			
9/3/2002	Media	OHD	2	Press release			
9/4/2002	Pierce	IF-234-9537	5	Declaration of Randall T. Fennell			
9/4/2002	Pierce	IF-234-9537	5	Joiner re; objection to file motion to appoint special master			
9/4/2002	Pierce	IF-234-9537	11	The bank of Saipan, Inc., reply memo in support of motion to stay			
9/4/2002	Pierce	IF-234-9537	2	Order denying motion to stay			
9/4/2002	Pierce	IF-234-9537	6	BOS, Inc. response to receiver's government objections to request for panel review			
9/4/2002	Pierce	IF-234-9537	11	Affidavit of Thomas A. Tarter in support of BoS opposition to exoneraton			
9/4/2002	Pierce	IF-234-9537	4	Thomas Tarter resume			
9/4/2002	Receiver	File	28	Receivers pleading list			
9/5/2002	Receiver	OF-323-7435	2	MCV transcript 9/5/02			
9/5/2002	Pierce	Pickup		Disk			
9/5/2002	Pierce	IF-234-9537	5	Opposition to motion to strike affidavit of Thomas A. Tarter			
9/5/2002	Media	OF-477-3982	6	Press release 9/5/02 Declaration of Randall T. Fennell			
9/5/2002	Media	OHD	6	Press release 9/5/02 Declaration of Randall T. Fennell			
9/5/2002	Media	OHD	6	Press release 9/5/02 Declaration of Randall T. Fennell			
9/5/2002	Media	OHD	6	Press release 9/5/02 Declaration of Randall T. Fennell			
9/5/2002	Media	OHD	6	Press release 9/5/02 Declaration of Randall T. Fennell			
9/5/2002	Pierce	IF-234-9537	10	Receivers objection to lodgment by Calvo's and so called motion to appoint special master			
9/5/2002	Pierce	IF-234-9537	7	Declaration of Richard W. Pierce			
9/5/2002	Pierce	IF-234-9537	9	Declaration of Randall T. Fennell w/ attachment			
9/5/2002	Media	OF-477-3982	6	MCV Transcription & Declaration of Randall T. Fennell			
9/6/2002	Pierce	IF-234-9537	2	Order			
9/6/2002	Pierce	IF-234-9537	2	Order denying motion for review for full panel			
9/6/2002	Pierce	IF-234-9537	3	Order granting motion to intervene			
9/9/2002	Receiver	OF-323-7435	8	MCV transcription & KCNM News 9/5-6/02			
9/10/2002	Pierce	IF-234-9537	3	Order denying motion for substitution of receiver			
9/10/2002	Receiver	OF-323-7435	2	MCV transcript 9/9/02			
9/13/2002	Receiver	OF-323-7435	2	MCV Transcript 9/12/02			
9/16/2002	Pierce	IF-234-9537	3	Certificate of Service			

9/16/2002	Pierce	IF-234-9537	2	Proposed order approving the sale of certain assets of the bank
9/16/2002	Pierce	IF-234-9537	2	Proposed order on receivers request for approval of sale of asset
9/16/2002	Pierce	IF-234-9537	6	Estoppel Certificate
9/16/2002	Pierce	IF-234-9537	5	Assignment of sub-lease
9/16/2002	Pierce	IF-234-9537	9	Declaration of Randall T. Fennell 9/13/02
9/16/2002	Pierce	IF-234-9537	4	Ex parte receiver's request for approval of the sale of asset 9/13/02
9/16/2002	Receiver	OF-323-7435	7	MCV transcript 9/13/02 & KCNM transcript 9/12/02
9/19/2002	Pierce	IF-234-9537	4	Randall T. Fennell Proposal (Draft)
9/20/2002	Pierce	IF-234-9537	2	Order CA# 02-0268B
9/24/2002	Receiver	OF-323-7435	7	KCNM transcript 6/24/02
9/24/2002	Media	OF	21	KCNM transcript 6/24/02
9/24/2002	Pierce	IF-234-9537	25	Summary Order
9/24/2002	Media	OF	78	Summary Order
9/25/2002	McMahon	IF-234-9316	14	Receiver's request for approval of CDA MOU
Total			370	

**A Statement for Providing Media Services to BoS Receiver
From August 1 to August 31, 2002**

August 1, BYT, at request of legislative staff, provided another copy of District Court filings, Griffin and Columbia financial rehabilitation plans. Reviewed Dott's stated objections to Griffin and Columbia financial plans for rehabilitation of BoS. Fax PDN article on Judge Unpingco's recusal to Variety, Tribune and KCNM, Fennell, and appropriate government officials. 0.75hr.

August 5 BYT, Telcom from Receiver, September 9 hearing. Fax from Receiver, JNB letter dated August 2, regarding Griffin and Columbia Financial reports. Follow up required. 1.0hr.

August 7 BYT, Telcom from Receiver regarding the Receiver's request that all government deposits remain with BoS or be converted into equity. Fax from Receiver, a copy of the Receiver's August 2 letter to the Governor and MPLA's letter to the Receiver, dated August 5, 2002, requesting the withdrawal of deposit. 0.50hrs.

August 8 BYT, Telcom from Receiver regarding PDN inquiry and request for materials. Appointment with PDN reporter. 0.50hrs.

August 9 BYT, Telcom from Receiver, issues regarding government deposits and government position of same. Results of financial briefings. 0.50hrs.

August 10 BYT, meeting with government official to discuss protection of depositors and role of independent agencies.

August 12 BYT, Telcom regarding letter to Governor Babauta. Met with Governor's advisor and indicates the governor will state his support for depositors soon. 0.50hrs.

August 13 BYT, Letter from Governor to Receiver, response to Receiver- Governor letter. Telcom with Receiver about what government actions are required to advance bank and depositors interests. Telcom from Receiver, relaying preliminary results of government meeting to address issue of how best to handle government deposits and concerns related thereto. Fax from Adams, Letter from Governor to Receiver, regarding the disposition of government deposits. 0.50hrs.

August 14 BYT, Fax from Receiver, JNB letter in response to Receiver letter to dated August 2. Telcom from Receiver, regarding Governor's response. Telecom to government staff. Considering response. 1.0hrs.

August 15 BYT, discussion with government staff regarding government response. 0.50hrs.

August 16 BYT, Fax from Receiver, Reviewed Order Granting Motion to Disqualify Justice Alexandro C. Castro and Order Denying Motion to Disqualify Justice Lamorena, III. Telcom to Receiver, re, Orders. Fax from Pierce, Civil Action No. 02-0268B, District Court, Filing of Superseding Indictment. Reviewed documents and provided copies to media outlets. 1.0hrs.

August 19 BYT, Fax from Pierce, Civil Action No. 02-0268B. Telcom to Receiver. Reviewed Civil Action No. 02-0268B, Declaration of Flores, BoS records, Declaration of T. Schoen, Declaration of B. Douglas Montgomery, Receiver's Position on the Interventions of the Calvos and the JLH Trust. Reviewed documents and distributed same to media. 1.75hrs.

ASSC, MCV Transcription of Appointment of Judge Onerheim and MCV Transcription of Bert Douglas Montgomery's response to Calvo suit. 1.0hr.

STA, Reproduction and distribution of documents. 2.0hrs.

August 20 BYT, Appointment with Lt. Governor regarding the Bank of Saipan and financial reports. 0.50hrs.

August 21 BYT, Telcom to government regarding current financial situation of the Bank of Saipan and government policies affecting the Receiver's work. 0.50hrs.

August 22 BYT, Received from Adams a copy of the Report of Randall T. Fennell, Receiver for the Bank of Saipan with attachments. Telecom to Receiver to discuss Report of the Receiver. Reviewed material and distributed relevant sections to media outlets. 3.75hrs.

STA, Fax materials to the receiver. 0.25hrs.

August 23 ASSC, MCV Transcript, Taylor, Demapan and Manglona recusals. Fax to Receiver, AGO reorganization letter. 0.75hrs.

STA, Pick up document from Pierce office. 0.50hrs.

August 26 STA, Reproduction of materials and distribution to the media. 1.0hrs.

August 27 BYT, Appointment with KCNM to provide documents and an explanation of Bank of Saipan matters. Arrange for interview. 0.75hrs.

ASSC, MCV Transcript, Report of the Receiver. 1.0hrs.

STA, Reproduce and distribute materials for KCNM interview prior to meeting with Receiver. 0.50hrs.

August 29 BYT, Discussion with Receiver regarding future interviews. 0.50hrs.

ASSC, MCV Transcript, Fennell interview. 1.0hrs.

STA, Fax materials to the receiver. 0.25hrs.

August 30, ASSC, MCV Transcription, O'Connor interview. 1.0hrs.

STA, Fax materials to the receiver. 0.25hrs.

Consulting Fees and Reimbursable Costs

Principal	14.50	hours @\$120	\$ 1,740.00
Associates	5.75	hours @ \$90	\$ 517.50
Staff	3.75	hours @ \$30	\$ 112.50

Total Consulting Fees	\$ 2,370.00
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Total Reimbursable Cost	\$ 181.65
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(See attached log)

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Total Fee Due for August 2002:	\$ 2,551.65
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BYT CONSULTING SERVICES				INCOMING/OUTGOING DOCUMENT LOG	
8/1/2002	Smith	IF-233-3336	2		Letter to Thomas Schoen and Randall T. Fennell
8/1/2002	Receiver	File	1		Draft letter
8/1/2002	Gen	File	1		Draft letter
8/1/2002	Gen	OHD	1		Misc. Materials
8/1/2002	Gen	OF-322-7826	2		News Articles, PDN 7/31/02
8/1/2002	Fennell	OF-323-7435	2		News Articles, PDN 7/31/02
8/1/2002	Media	OF-234-9271	2		News Articles, PDN 7/31/02
8/1/2002	Media	OF-234-0447	2		News Articles, PDN 7/31/02
8/2/2002	Pierce	IF-234-9537	5		Bank of Saipan Receivership: superior court CA# 02-0268B
8/5/2002	Receiver	IF-323-7435	5		Marianas Public Land Authority Fund at Bank of Saipan
8/13/2002	Receiver	IF-323-7435	2		Bank of Saipan receivership
8/17/2002	Fennell	OF-323-7435	2		MCV Transcript, 8/16/02
8/19/2002	Receiver	IF-323-7435	20		Order granting motion to disqualify Justice Alexandro C. Castro
8/19/2002	Receiver	IF-323-7435	20		Filing of superceding indictment 8/16/02
8/19/2002	Media	OHD	40		Order granting motion to disqualify Justice Alexandro C. Castro
8/19/2002	Media	OHD	40		Filing of superceding indictment 8/16/02
8/19/2002	Gen	OHD	20		Order granting motion to disqualify Justice Alexandro C. Castro
8/19/2002	Gen	OHD	20		Filing of superceding indictment 8/16/02
8/19/2002	Receiver	IF-323-7435	16		Order denying motion to disqualify Justice Pro Tempore Alberto C. Lamorena, 111
8/20/2002	Media	OHD	32		Order denying motion to disqualify Justice Pro Tempore Alberto C. Lamorena, 111
8/20/2002	Gen	OHD	16		Order denying motion to disqualify Justice Pro Tempore Alberto C. Lamorena, 111
8/20/2002	Receiver	IF-323-7435	22		Declaration of Ronald A. Flores
8/20/2002	Receiver	IF-323-7435	6		Receiver's position on the interventions of the Calvo's and JHL Pacific Trust
8/20/2002	Receiver	IF-323-7435	4		Filing of declaration of B. Douglas Montgomery
8/20/2002	Receiver	IF-323-7435	3		Filing of declaration of Thomas D. Schoen 8/19/02
8/20/2002	Receiver	OF-323-7435	3		MCV Transcript 8/19/02
8/22/2002	Media	OHD	16		Order denying motion to disqualify Justice Pro Tempore Alberto C. Lamorena, 111
8/22/2002	Media	OHD	20		Order granting motion to disqualify Justice Alexandro C. Castro
8/22/2002	Media	OHD	22		Declaration of Ronald A. Flores
8/22/2002	Media	OHD	6		Receiver's position on the interventions of the Calvo's and JHL Pacific Trust
8/22/2002	Media	OHD	44		Declaration of Ronald A. Flores
8/22/2002	Media	OHD	12		Receiver's position on the interventions of the Calvo's and JHL Pacific Trust
8/22/2002	Gen	OHD	22		Declaration of Ronald A. Flores
8/22/2002	Gen	OHD	6		Receiver's position on the interventions of the Calvo's and JHL Pacific Trust

8/23/2002	McMahon	Pickup		Reports of Randall T. Fennell receiver for BOS w/ attachment
8/24/2002	Receiver	OF-323-7435	2	MCV transcript, 8/23/02
8/26/2002	Media	OHD	70	Report of Randall T. Fennell receiver for the Bank of Saipan 8/22/02
8/27/2002	Receiver	OF-323-7435	3	MCV transcript, 8/27/02
8/29/2002	Receiver	OF-323-7435	3	MCV transcript 8/28/02
8/30/2002	Receiver	OF-323-7435	4	MCV transcript 8/30/02
Total			519	

B.Y.T. Consulting Services

P.O. Box 85
Saipan, MP. 96950
Tel: (670) 235-9873/72
Fax: (670) 235-9874

August 7, 2002

Mr. Randall T. Fennell
P. O. Box 500049
Saipan, MP 96950

**Re: Statement for Consulting Services -
June and July Statements**

Dear Randy:

Please find enclosed my statement for consulting services provided in connection with your dismissal and reappointment as receiver for the Bank of Saipan.

Aside from organizing materials and providing annotations or explanations of the documents for general consumption, a fair portion of this statement went to reproduction of materials for distribution to the media and others. Given the gravity of the issues raised in this case, it is essential that original documents be provided for direct scrutiny by media representatives and others including key minority shareholders and legislators.

Please make the check payable to BYT Consulting Services.

Let me know if you have any questions.

Sincerely,



Brenda Y. Tenorio
Enclosure:

**A Statement to Provide Media Services in Connection with
Reappointment as Receiver for BoS
From July 8 to July 31, 2002**

July 8, 2002

BYT, Faxes from Adams, reviewed transcripts of 10/1999 and 12/1999 court proceedings. Relevance explained. Prepared explanatory notes. 2.0hrs.

July 12, 2002

BYT, Received and reviewed copy of District Court, Civil Action 95-626 and Original Action #02-0002-0A, Transcript from proceedings of 10/28/99. Distribution and explanation of materials. 1.50hrs.

STA, Pick up materials to Adams office and reproduce for distribution. 1.00hrs.

July 15, 2002

ASSC, MCV Transcript, 2nd story, 7/15/02. 0.50hrs.

July 16, 2002

BYT, Telcom to Client. Reviewed all materials related to motions for disqualification of Client and others. 2.0hrs.

July 17, 2002

BYT, circulation of all materials with explanatory notes. 1.0hrs.

STA, Reproduce and distribute. 0.50hrs.

July 19, 2002

BYT, Reviewed Real Party in Interest Randall T. Fennell's Response to Declaration; Ex parte Motion and Order for Presentations on the Current Condition of the BoS. Telcom and discussion with Client. 1.50hrs.

July 22, 2002

BYT, Telcom from Client, discussion of motions.

July 23, 2002

BYT, summarized motions for distribution. 1.0hrs.

July 24, 2002

BYT, Obtained copy of offer to purchase shares.

STA, Fax to client BOS materials, reproduce materials for distribution. 0.50hrs.

July 26, 2002

BYT, Telecom from Client, anticipated schedule of presentations. Discussed the materials. Scheduling and briefing issues outlined. 0.25hrs.

July 29, 2002

BYT, Telecom and Fax to Client, outline of document requirements. Multiple discussions about schedule and public education issues. Multiple phone calls to media contacts regarding scheduling and rescheduling issues. Distribution of materials to various points. 3.0hrs.

ASSC, Telecom to media outlets, rescheduling issues. 2.0hrs.

STA, Reproduce and distribute materials to media. 0.50hrs.

July 30, 2002

BYT, Presentation and follow up. Telecom to Client. Reviewed financial reports. 4.0hrs.

ASSC, Presentation. MCV Transcript, Second Story 7/30/02. MCV, First Story. 7/30/02 KCNM Radio, 7/30/02. 4.0hrs.

STA, Reproduce and distribute materials to media. 0.50hrs.

July 31, 2002

STA, Fax to Client, MCV, 2nd Story 7/30/02; MCV, 1st Story 7/30/02 and KCNM Transcripts. Telcom with Client. Fax transcripts to Travis Coffman. 1.0hrs.